



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
RYAN RAUSCHENBERGER, COMMISSIONER

Tax Commissioner Ryan Rauschenberger recently announced that an oil extraction tax incentive known as the “small trigger” became effective for new wells completed after January 31, 2015. The incentive is effective through June 30, 2015, unless extended by the legislature, or until the incentive is triggered off by higher oil prices. The incentive lowers the oil extraction tax on new wells from 6.5% to 2% on the first 75,000 barrels produced, or the first \$4.5 million of gross value during the first 18 months after completion of a well.

The “small trigger” oil extraction tax reduced rate incentive applies to all new wells located outside the boundaries of the Fort Berthold Reservation. For new wells completed **inside** the exterior boundaries of the Reservation, the 2% oil extraction tax reduced rate incentive applies only to ***Non-Trust spacing unit interests*** of these new wells. Trust spacing unit interests for new wells located within the boundaries of the Reservation remain subject to oil extraction tax at the full rate of 6.5%.

Trust and Non-Trust interest determinations for well spacing units within the boundaries of the Reservation are based on the records of the Bureau of Indian Affairs. These records will be utilized by our office in administering and pro-rating the incentive for all newly completed wells drilled and completed within the Reservation that contain Trust interests.

Please contact Kevin Schatz at 701.328.3657 or kschatz@nd.gov with any questions you may have.

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